

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 NEA-09 ISO-00 SP-02 AID-05 NSC-05

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 COME-00

XMB-02 IGA-01 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01

USIA-06 PRS-01 MC-02 L-02 /082 W

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P R 201630Z FEB 75

FM AMEMBASSY NICOSIA

TO SECSTATE WASHDC PRIORITY 1214

INFO AMEMBASSY BEIRUT

AMEMBASSY LONDON

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BEIRUT FOR DWOR

E. O. 11652: GDS

TAGS: ETRD EAIR CY

SUBJECT: CIVAIR: SALE OF MCDONNEL-DOUGLAS AIRCRAFT TO CYPRUS

AIRWAYS -- EXIMBANK FINANCING

REF: NICOSIA 0601

1. WE HAVE JUST BEEN INFORMED BY LOCAL MCDONNEL-DOUGLAS (MD-D) MAN THAT THEIR CONTACT WITH EXIMBANK HAS ELICITED AN ESSENTIALLY NEGATIVE RESPONSE ON QUESTION OF BANK FINANCING FOR PROPOSED SALE OF DC-9 AIRCRAFTS. WE ARE TOLD RESPONSE OF BANK MAN, MR JAY ALBRIGHT, WAS THAT SECURITY SITUATION IN CYPRUS TOO UNCERTAIN AT THIS TIME TO JUSTIFY EXIMBANK PARTICIPATION.

2. EMBASSY REQUESTS DEPARTMENT APPROACH BANK AND PAINT SUITABLE PICTURE TO DISABUSE NOTION COMMERCIAL AIRCRAFT CANNOT OPERATE IN SAFETY IN AND OUT OF CYPRUS. EXPLAIN THAT COMMERCIAL AIR TRAFFIC IS AVERAGING PRESENTLY AROUND EIGHT MOVEMENTS PER DAY IN AND OUT OF LARNACA. REMIND CONFIDENTIAL

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THAT LARNACA IS ON SOUTH COAST OF ISLAND, WELL OUT OF FIRING RANGE

ON TURK/GREEK CYPRIOT LINE. STRESS THAT OTHER COUNTRIES OFFERING AIRCRAFT REPLACEMENT DEALS (BRITISH, FRENCH, SOVIETS, DUTCH) DO NOT VIEW SECURITY IN NEGATIVE LIGHT AND WILL BE ALL TOO CONTENT TO MOVE IN ON MARKET OPPORTUNITY IF MD-D DEAL FALLS THROUGH. DO NOT OVERLOOK FACT IN PRESENTATION WITH EXIMBANK THAT BRITISH MIDLANDS COMPANY AS WELL AS OLYMPIC AIRWAYS JUMPED INTO SITUATION DAY LARNACA AIRPORT WAS OPENED.

3. DEPARTMENT MAY WISH TO USE APPROACH THAT RECENT CYPRUS AIRWAYS CHOICE OF BRITISH MIDLANDS AS INTERIM SOLUTION MAY HAVE LEFT SOVIETS WITH RENEWED DETERMINATION TO SUCCEED IN SALE OF SOVIET AIRCRAFT FOR FINAL REEQUIPMENT PROGRAM. THIS WOULD BE MOST DETRIMENTAL TO US INTERESTS.

4. MD-D INFORMS US IT OFFERING CYPRUS AIRWAYS OPPORTUNITY SIGN LETTER OF INTENT UNDER PRESENT TERMS (SEE REFTEL) FOR ONLY SHORT WHILE. MD-D CANNOT HOLD INDEFINITELY INTERIM DC-9 PRESENTLY AT LONGBEACH, CALIFORNIA. WOULD APPRECIATE SPEEDY DEPARTMENT ACTION IN ORDER TO SAFEGUARD THIS SALE PROSPECT.
CRAWFORD

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